

According to the U.S. EPA, the United States has an investment gap estimated at \$450 to \$600 billion over the next 20 years for safe drinking water and wastewater treatment infrastructure including conveyance systems made of aging pipes, sanitary sewers and stormwater systems.

Several private and public studies conducted over the past several years estimate that 20,000 – 60,000 jobs are created for every \$1 billion in federal investment in wastewater infrastructure.



Currently, most water projects are funded through loan programs with the Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF) and are administered through the Arizona Water Infrastructure Finance Authority (WIFA) and local entities.

### Qualifying projects intended for CWSRF funds:

- Water efficiency, energy efficiency, green infrastructure or other environmentally innovative activities;
- Construction of wastewater treatment plants including planning and design;
- Construction of improvements and upgrades to wastewater treatment plants including planning and design;
- Design of a sewer collection system;
- Construction of a sewer collection system;
- Water reclamation and reuse facility expansion;
- Non-point source projects.



### Types of projects that can be intended for DWSRF funds:

- The construction/upgrading of water treatment facilities;
- Water efficiency, energy efficiency, green infrastructure or other environmentally innovative activities;
- Supplemental water source interconnect;
- Arsenic treatment to meet public health standards and to protect public health;
- Consolidation and interconnection of public water systems;
- Planning and engineering associated with eligible projects;
- Replacement/rehabilitation of transmission lines and storage facilities;

- New water wells;
- Water system expansion;
- Other projects necessary to address compliance/enforcement or security issues.

Additional water projects are funded and administered through the U.S. Army Corp of Engineers and the U.S. Department of Agriculture for rural projects in outlying counties in Arizona.

### Challenges

The current funding formula of the CWSRF was initiated by Congress in 1987, and no longer accurately reflects Arizona's water infrastructure needs. In fact, according to the Congressional Research Service, Arizona ranks 50<sup>th</sup> among states in terms of percentage of documented needs met.

With federal oversight, funding clean water projects through the CWSRF gives states a lead role in structuring and managing their programs. States have the flexibility to structure priority setting criteria so they can address state-specific water quality goals. If the funding formula is appropriately updated to reflect growth, Arizona would receive an increase of over \$16.5 million dollars a year.

In addition to funding sources for upgrading degrading water infrastructure, the construction of additional infrastructure is also important to Arizona. For example, the Big Chino Ranch (BCR) project in the Prescott Active Management Area has been moving forward but recently had to slow down due to the economy. In December 2004, the City of Prescott and Prescott Valley

entered in to an intergovernmental agreement and purchased lands north of the Prescott Active Management Area in the Big Chino Sub basin of the Verde River Groundwater Basin referred to as the BCR with the intention of building a 30-mile pipeline to import water into the area. The construction of the project and transmission lines to move the water to pump stations could result in significant jobs and help to ensure sustainability to the area with a safe and secured water source.

Last regular legislative session, Senate Bill 1445, was passed and signed by Governor Brewer. This gave Prescott the right to pump as much as 8,068 acre-feet of water per year, and clarifies that any municipality in the Prescott Active Management Area can use the Big Chino groundwater.

While AGC continues to advocate for moving forward with construction of the Big Chino Water Ranch pipeline, we

understand a delicate balance must be struck between construction and being good stewards to the environment.

## AZAGC Message:

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- **Update Arizona's share of Clean Water State Revolving Fund.**
- **Create Water Infrastructure Funding Bank.** Creation of a Water Infrastructure Bank would alleviate any future funding issues related to delayed or deferred appropriations from Congress.
- **Streamline needless environmental permits and regulations by preserving state and local authority over water projects.**
- **Fund the Big Chino Water Ranch project.** Currently, the project has been scaled back. It is not included in the City of Prescott's current capital improvement plan which runs until fiscal year 2016.
- **Do not include Buy American Provisions in reauthorization of the Clean or Drinking Water SRF.** Buy America Provisions for SRF projects were included in the ARRA funded projects. This well-meaning provision has never been applied to construction projects administered at the state level and creates additional administrative to the agency and the contractor.
- **Encourage Public Private Partnerships.** During these economic times, it is important to allow and encourage additional funding options.